

**IC 27-8**

**ARTICLE 8. LIFE, ACCIDENT, AND HEALTH**

**IC 27-8-1**

**Chapter 1. Life Insurance—Assessment Plan**

**IC 27-8-1-1**

**Authority to incorporate**

Sec. 1. Any number of persons not less than five (5) nor more than thirteen (13), citizens of the United States, one (1) or more of whom shall be bona fide citizens and voters of this state, may associate themselves together as a body corporate for the purpose of organizing a corporation, association or society to transact the business of life insurance on the assessment plan, subject to the conditions and restrictions hereinafter provided.

*(Formerly: Acts 1883, c.136, s.1.)*

**IC 27-8-1-2**

**Corporate status and powers**

Sec. 2. A corporation, association, or society organized under the provisions of this chapter shall be a body corporate and politic by the name stated in certificate of organization, and by that name, they and their successors:

- (1) may have succession, and shall be persons in law capable of suing and being sued;
- (2) may have power to make and enforce contracts in relation to the legitimate business of their corporation, association or society;
- (3) may have and use a common seal, and may change or alter the same at pleasure, and they or their successors in their corporate name shall in law be capable of taking, purchasing, holding, and disposing of real and personal estate for purposes of their association or society; and
- (4) may make bylaws not inconsistent with the constitution and law of this state or the United States, in which bylaws shall be defined the manner and form of electing directors and officers of the corporation, association, or society, and the qualifications and duties of the same, and also the qualifications and privileges of members thereof.

*(Formerly: Acts 1883, c.136, s.2.) As amended by P.L.252-1985, SEC.269.*

**IC 27-8-1-3**

**Name; approval; misleading similarity**

Sec. 3. The incorporators shall submit the title or name of the proposed corporation to the auditor of state, who shall approve the same, provided it indicates the object or purpose for which the corporation is formed, and does not too closely resemble a title in use. Before approving a title, it shall be the duty of the auditor of state to examine the titles of corporations appearing in all the

published insurance reports at his command, and not to approve any title that would tend to mislead the public on account of its too closely resembling some other title.

*(Formerly: Acts 1883, c.136, s.3.)*

#### **IC 27-8-1-4**

##### **Statement of initial applications and deposit of first assessment**

Sec. 4. Before the charter is granted to any such corporation, it shall file its statement, sworn to by at least two (2) of its executive officers, with the proper state officers, showing that application has been made for not less than two hundred thousand dollars (\$200,000) insurance by not less than one hundred (100) persons, and that the amount of the first assessment on each policy or certificate has been deposited in the bank to the credit of the mortuary fund; and it shall be lawful for any corporation, association or society, or its agents, to solicit and secure business to that amount, for the purpose herein provided, before its charter shall have been granted.

*(Formerly: Acts 1883, c.136, s.4.)*

#### **IC 27-8-1-5**

##### **Assessment; statement of object**

Sec. 5. Assessment notices sent to members by any such an association shall state the object for which the money to be collected from the insured is intended, and no part of the proceeds of any assessment shall be applied to any other purpose than the stated purpose for which it was collected.

*(Formerly: Acts 1883, c.136, s.5.)*

#### **IC 27-8-1-6**

##### **Exemption of certificates from valuation; insurable interest**

Sec. 6. A policy or certificate issued by any such an association shall be exempt from the valuation based upon the American Experience Table, or any other table of mortality, in consequence of such association conducting its business on the plan of assessing members, and such policy or certificate, when the payments thereon are made by any person other than the insured, and without the written consent of the insured, to be valid must be supported by an insurable interest.

*(Formerly: Acts 1883, c.136, s.6.)*

#### **IC 27-8-1-7**

##### **Restriction on kinds of certificates; expenses; segregation of expense and mortuary funds**

Sec. 7. No corporation, association, or society organized under the provisions of this chapter shall issue endowment certificates or policies undertaking or promising to pay members during life, except for accident or temporary illness, any stipulated sum of money. The expenses of such corporation, association, or society shall be provided for by admission fees, and either fixed annual payments or assessments made and designated to be for such expenses, and no

part of the expense fund shall in any case be used to pay death claims, and no part of the mortuary fund shall in any case be used to pay expenses.

*(Formerly: Acts 1883, c.136, s.7.) As amended by P.L.252-1985, SEC.270.*

#### **IC 27-8-1-8**

##### **Annual statement; examination**

Sec. 8. Any corporation, association, or society carrying on the business of life or accident insurance on the assessment plan shall submit annually, on or before February 28, under oath, to the insurance commissioner a detailed statement of assets, liabilities, insurance in force, and number of persons upon whom risks are in force on the preceding December 31, and answer such interrogatories as the commissioner, who shall furnish a blank for the purpose, may, under the provisions of this chapter make in order to ascertain its financial character and condition, and shall pay to the commissioner, upon filing such statement, a fee of ten dollars (\$10), and the commissioner shall publish such statement in his annual report. For the purpose of verifying such statement, the commissioner shall, on petition of a majority of the officers or of ten (10) members of such association supported by the affidavit of one (1) or more of the petitioners showing the necessity therefor, institute an examination of its affairs to ascertain its true character and condition.

*(Formerly: Acts 1883, c.136, s.8; Acts 1891, c.189, s.1.) As amended by P.L.252-1985, SEC.271.*

#### **IC 27-8-1-9 Repealed**

*(Repealed by Acts 1978, P.L.2, SEC.2728.)*

#### **IC 27-8-1-10**

##### **Quo warranto to remove officers or close business**

Sec. 10. Whenever any such corporation or association shall fail to make its annual statement to the insurance commissioner before August 31, or if, in the opinion of the commissioner it is conducting its business fraudulently or not in compliance with this chapter or is not carrying out its contract with the members in good faith, then it shall be the duty of the commissioner to communicate the fact to the attorney general, who may thereupon commence proceeding, by writ of quo warranto against such corporation, association, or society, requiring it to show cause why its officers should not be removed or its business closed, and the court shall thereupon hear the allegations and proofs of the respective parties; and if it shall appear to the satisfaction of such court that the officers of such corporation, association, or society, or any one (1) or more of them, have been guilty of any material irregularity or violation of law to the injury of such corporation, association, or society, the said court shall decree a removal from office of the guilty party or parties and substitute suitable persons to serve until the regular annual election, or until a successor is regularly chosen; or if it shall appear to the court that the

interest of the public so requires, the court shall decree a dissolution of such corporation, association, or society and a distribution of its effects.

*(Formerly: Acts 1883, c.136, s.10.) As amended by P.L.252-1985, SEC.272.*

#### **IC 27-8-1-11**

##### **Bonds of officers and agents**

Sec. 11. No agent or officer of such corporation, association or society, shall be permitted to collect or receive any dues or assessments for or on account of the same until he executes, jointly with two (2) responsible sureties, a bond to the corporation, approved by the board of directors thereof, in such sum as they shall prescribe, conditioned upon the payment of all dues, assessments or funds over to the proper officer of such corporation, and all receipts of any such corporation shall be paid into the hands of the treasurer thereof, who shall, before assuming the duties of his office, give a bond in the sum of not less than ten thousand dollars (\$10,000), with not less than two (2) sureties, to be approved by the board of directors, and conditioned for the faithful performance of his duties, and the accounting for, and the proper payment and disbursement by him of, all moneys thereof which come into his hands.

*(Formerly: Acts 1883, c.136, s.11.)*

#### **IC 27-8-1-12**

##### **Examination of sufficiency of treasurer's bond**

Sec. 12. Said bond of treasurer shall be examined as to its efficiency annually by the auditor of state, and it shall then be renewed if he shall deem the present bond insufficient. Said bond shall be recorded in the recorder's office in the county in this state in which one (1) of the incorporators resides, and a certified copy of said record shall, by said recorder, be forwarded to the auditor of state, who shall file and preserve the same in his office.

*(Formerly: Acts 1883, c.136, s.12.)*

#### **IC 27-8-1-13**

##### **Qualification of foreign corporation**

Sec. 13. Any corporation, association or society, organized under the laws of any other state or government to insure lives on the assessment plan, or any corporation carrying on the business of life or accident insurance on the assessment plan, shall be licensed by the auditor of state, upon the payment to the auditor of state of a fee of twenty-five dollars (\$25.00), to do business in this state. However, the corporation or association shall first deposit with the auditor of state a certified copy of its charter or articles of incorporation, a copy of its statement of business for the preceding year, with the names and residence of its officers, sworn to by the president and secretary, or like officers, showing a detailed account of expenses and income, the amount of insurance in force, its assets and liabilities in detail, and setting forth that it has the ability to pay its policies or

certificates to the full limit named therein; a certificate from the insurance commissioner or from a judge or clerk of a court of record of its home state, certifying that corporations or associations insuring life in the assessment plan, and paying policies in full, or providing accident indemnities, and chartered under the laws of this state are legally entitled to do business in its home state; a copy of its policy or certificate of membership, application and by-laws, which must show that death losses are, in the main, provided for by assessment upon the surviving members; and it shall legally designate an individual resident of Indiana, a corporate resident of Indiana, or an authorized Indiana insurer as its agent or attorney in fact, residing in this state, upon whom service of process for said company or association may be made, and the agent or attorney in fact shall immediately notify any corporation or association thus served.  
*(Formerly: Acts 1883, c.136, s.13.) As amended by P.L.268-1999, SEC.18.*

#### **IC 27-8-1-14**

##### **Retaliatory provision**

Sec. 14. When any other state or government shall impose any obligation upon such corporation, association or society of this state, or their agents transacting business in such other state or government, the like obligations are hereby imposed on similar corporations, associations or societies of such other state or government, and their agents or representatives, transacting business in this state.  
*(Formerly: Acts 1883, c.136, s.14; Acts 1889, c.169, s.2.)*

#### **IC 27-8-1-15**

##### **Foreign corporations; annual statement and fee; license revocation for failure to file statement; solvency statement from foreign state**

Sec. 15. Such corporation, association or society, shall pay to the auditor of state, upon filing each annual statement, a fee of ten dollars (\$10.00). And in the event of its failure to make such statement on or before the thirty-first day of August of each year, the auditor of state shall revoke its license, and thereafter, or until such statement is made, it shall be deemed to be doing business unlawfully in this state. When the auditor of state of this state shall have reason to doubt the solvency of any such foreign corporation, association or society, he shall accept a statement from the insurance commissioner, or like officer of the state under whose authority it was organized, as prima facie evidence of its solvency.  
*(Formerly: Acts 1883, c.136, s.15.)*

#### **IC 27-8-1-16**

##### **Foreign corporations; fraudulent practices; quo warranto to revoke license**

Sec. 16. When, in the auditor's opinion, such corporation or association is in this state conducting its business fraudulently, or is not carrying out its contracts with members residing in this state, in good faith, he shall report the same to the attorney-general, who shall

thereupon commence proceedings by writ of quo warranto against such corporation or association, requiring it to show cause why its license to do business in this state should not be revoked.  
*(Formerly: Acts 1883, c.136, s.16.)*

#### **IC 27-8-1-17**

##### **Noncompliance; violations**

Sec. 17. An officer, agent, or employee of a corporation or association who knowingly permits the corporation or association to do business in Indiana, unless it has complied with the laws of this state applicable to the same, commits a Class B misdemeanor.  
*(Formerly: Acts 1883, c.136, s.17.) As amended by Acts 1978, P.L.2, SEC.2725.*

#### **IC 27-8-1-18**

##### **Exemption of fraternal societies**

Sec. 18. The provisions of this chapter shall in no way apply to any secret or fraternal society or lodge or association which, under the supervision of a grand or supreme lodge, secures membership through the lodge system exclusively, and provides insurance to its members, nor to insurance organizations of a purely benevolent character which pay no commission nor employ any paid insurance producer, organized under the laws of this or any other state.  
*(Formerly: Acts 1883, c.136, s.18.) As amended by P.L.252-1985, SEC.273; P.L.178-2003, SEC.58.*